

**AGENDA FOR THE  
REGULAR COUNCIL MEETING OF  
TUESDAY, JULY 22, 2003 AT 10:00 A.M.  
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**AGENDA FOR THE  
REGULAR COUNCIL MEETING OF  
TUESDAY, JULY 22, 2003 AT 10:00 A.M.  
CITY ADMINISTRATION BUILDING  
COUNCIL CHAMBERS - 12TH FLOOR  
202 "C" STREET  
SAN DIEGO, CA 92101**

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**NOTE:** The public portion of the meeting will begin at 10:00 a.m. The City Council will meet in Closed Session this morning from 9:00 a.m. - 10:00 a.m. Copies of the Closed Session agenda are available in the Office of the City Clerk.

**OTHER LEGISLATIVE MEETINGS**

The **SAN DIEGO HOUSING AUTHORITY** is scheduled to meet today in the Council Chambers. A separate agenda is published for it, and is available in the Office of the City Clerk. For more information, please contact the Housing Authority Secretary at 578-7540.

ITEM-300:               ROLL CALL.

**NON-AGENDA PUBLIC COMMENT**

This portion of the agenda provides an opportunity for members of the public to address the Council on items of interest within the jurisdiction of the Council. (Comments relating to items on today's docket are to be taken at the time the item is heard.)

Time allotted to each speaker is determined by the Chair, however, comments are limited to no more than three (3) minutes **total per subject** regardless of the number of those wishing to speak. Submit requests to speak to the City Clerk **prior** to the start of the meeting. Pursuant to the Brown Act, no discussion or action, other than a referral, shall be taken by Council on any issue brought forth under "Non-Agenda Public Comment."

## **COUNCIL, CITY ATTORNEY, CITY MANAGER COMMENT**

### **REQUEST FOR CONTINUANCE**

The Council will now consider requests to continue specific items.

### **ADOPTION AGENDA, HEARINGS**

#### **NOTICED HEARINGS:**

ITEM-330: Two actions related to Park Village Maintenance Assessment District.

(Rancho Peñasquitos Community Plan Area. District-1.)

### **CITY MANAGER'S RECOMMENDATION:**

Adopt the following resolutions:

Subitem-A: (R-2003-1335)

Resolution considering the protests, approving modified map, confirming the assessments, and ordering the proposed maintenance, in the matter of the Park Village Maintenance Assessment District.

Subitem-B: (R-2003-1359 Cor. Copy)

Resolution approving Fiscal Year 2004 budget for the Park Village Maintenance Assessment District.

### **CITY MANAGER SUPPORTING INFORMATION:**

This action will increase the Fiscal Year 2004 assessments for Park Village Maintenance Assessment District (District) and bring this district into compliance with Proposition 218. The District is located in the Rancho Peñasquitos Community Planning Area. It was established in February 1985 and was last balloted in 1996. It currently provides maintenance for 89,460 square feet of landscaped medians, 22,360 square feet of hardscaped medians, 764,310 square feet of landscaped right-of-ways, and 41,505 square feet of monuments and focal points. In addition the District maintains 21.74 acres of open space.

For the last several years the District has been over-spending its income, and financing the maintenance of its current service level by spending down its reserve. The District has been unable to raise its assessment to keep pace with the San Diego Regional Consumer Price Index.

On February 19, 2003, the Park Village Maintenance Assessment District Committee voted to

ballot the District property owners to: 1) bring the District into compliance with Proposition 218, 2) raise the annual assessment per Equivalent Benefit Unit (EBU) from \$56.90 to \$82.02 in Zone 1; \$9.48 to \$16.86 in Zone 2; and \$56.90 to \$97.59 in Zone 3 in Fiscal Year 2004 and, 3) effective Fiscal Year 2004 authorize an annual increased assessment not to exceed on San Diego CPI-U plus 2%. The purpose is to increase income sufficiently to cover the current service level, maintain a minimum 10% operating reserve, and fund small planting projects and their future maintenance through the assessment of property owners.

### **Estimated Year-End**

<b><u>DESCRIPTION</u></b>	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>
<b>BEGINNING BALANCE (Reserve)</b>	\$171,409.00	\$34,910.00
<b>REVENUE:</b>		
Assessments	\$145,995.00	\$234,122.00
Interest	7,000.00	7,880.00
City Contributions	<u>17,028.00</u>	<u>16,972.00</u>
<b>TOTAL REVENUE</b>	\$170,023.00	\$258,974.00
<b>EXPENSE:</b>		
Personnel	\$ 22,681.00	\$ 26,879.00
Contractual	109,000.00	115,783.00
Incidental	*140,781.00	38,539.00
Utilities	<u>34,060.00</u>	<u>52,907.00</u>
<b>TOTAL EXPENSE</b>	\$306,522.00	\$234,108.00
<b>ENDING BALANCE (Reserve)</b>	\$ 34,910.00	\$ 59,776.00

*\*Includes \$90,000 for median improvements along Black Mountain Road.*

The proposed property owner assessment for Fiscal Year 2004 is \$82.02 per EBU in Zone 1, \$16.86 per EBU in Zone 2, and \$97.59 per EBU in Zone 3. A maximum assessment authorized for the District is \$112.45 per EBU in Zone 1, \$24.06 per EBU in Zone 2, and \$106.83 EBU in Zone 3. The District contains a total of 3,387.32 EBUs, with 1,653.41 EBUs in Zone 1, 875.91 EBUs in Zone 2, and 858.00 EBUs in Zone 3. The District will also increase the Ground Maintenance Manager position from 0.30 in Fiscal Year 2003 to 0.40 in Fiscal Year 2004.

### **FISCAL IMPACT:**

It is proposed that the City will contribute \$16,393 from the Gas Tax Fund 302191: \$16,103 for the maintenance of 89,460 sq. ft. of landscaped medians (\$0.18/sq. ft.) and \$290 for maintenance of 22,360 sq. ft. of hardscape medians (\$0.013/sq. ft.). This represents the City's share of expenses incurred for maintenance of street medians comparable to similar areas throughout the City. The City will also contribute \$578.94 from Environmental Growth Fund 10505 for the 21.74 acres of open space (\$26.63 per acre). All other cost are assessed to property owners in the District. The City owns two assessable parcels in the district, both of which are parks, resulting in a General Fund assessment in FY 2004 of \$2,239.

Herring/Oppenheim/AWF

ADOPTION AGENDA, HEARINGS

NOTICED HEARINGS:

ITEM-331: Three actions related to Liberty Station Maintenance Assessment District.

(Peninsula Community Area. District-2.)

**CITY MANAGER'S RECOMMENDATION:**

Adopt the following resolutions:

Subitem-A: (R-2003-1244)

Resolution considering the protests, approving modified map, confirming the assessments, and ordering the proposed maintenance, in the matter of the Liberty Station Maintenance Assessment District.

Subitem-B: (R-2003-1245)

Resolution authorizing the City Auditor/Comptroller to establish the Liberty Station Maintenance Assessment District Fund.

Subitem-C: (R-2003-1246)

Resolution approving Fiscal Year 2004 budget for the Liberty Station Maintenance Assessment District.

**CITY MANAGER SUPPORTING INFORMATION:**

This action establishes the Fiscal Year 2004 assessment for the Liberty Station Maintenance Assessment District (District). The District is located in the Peninsula Community Planning Area west of the boat channel in an area bounded by Laning Road, Rosecrans Street, and Lytton Street and east of the boat channel bounded by North Harbor Drive and McCain Road.

The purpose of the District is to fund the maintenance and electrical costs of ornamental light poles and fixtures through assessment of the property owners to provide lighting in public rights-of-way and dedicated easements within the boundaries of the District. All costs beyond the City standard for streetlighting is considered to be Special Benefit; these costs would be assessed to the proposed District. The Fiscal Year 2004 proposed maintenance costs for the District are as follows:

<b><u>DESCRIPTION</u></b>	<b><u>FY 2004</u></b>
<b>BEGINNING BALANCE</b> (Reserve)	\$ 0.00
<b>REVENUE:</b>	
Assessments	\$ 47,305.00
Interest	<u>393.00</u>
<b>TOTAL REVENUE</b>	\$ 47,698.00

**EXPENSE:**

Contractual	\$ 20,989.00
Incidental	\$ 20,014.00
Utilities	\$ <u>6,302.00</u>
<b>TOTAL EXPENSE</b>	<b>\$ 47,305.00</b>
<b>ENDING BALANCE (Reserve)</b>	<b>\$ 393.00</b>

The maximum property owner assessments are proposed as follows: \$62.17/EDU in Zone A, \$17.26/EDU in Zone B, \$5.17/EDU in Zone C, \$1.56/EDU in Zone D, \$0.82/EDU in Zone E, \$16.27/EDU in Zone F, and \$1.92/EDU in Zone G. The maximum assessment will be increased annually by the factor published in the San Diego Urban Consumer Price Index (SDCPI-U). It is estimated that the District will ultimately contain a total of 13,248.88 EDUs: 209.00 EDUs in Zone A, 237.02 EDUs in Zone B, 4,374.90 EDUs in Zone C, 521.63 EDUs in Zone D, 812.50 EDUs in Zone E, 271.91 EDUs in Zone F, and 5,820.92 EDUs in Zone G (which overlaps Zones A, B and C).

The property owner assessments to be levied for Fiscal Year 2004 are as follows: developed properties in Zones A, B, C and G will be assessed the maximum rates, undeveloped properties will be assessed \$61.05, \$16.99, \$3.15 and \$1.89/EDU, respectively; undeveloped properties in Zones D will be assessed \$0.61/EDU (there are no developed properties anticipated); there will be no costs or assessments in Zone E, and Zone F developed properties will be assessed \$14.69/EDU.

**FISCAL IMPACT:**

All costs are assessed to the property owners within the District. Several parcels are owned by the City of San Diego or related City entities. The estimated assessment Fiscal Year 2004 annual amounts for these parcels are: General Fund (Fund 100, Dept 601, Org 2600, JO 002600): \$1,313 for a park; Metropolitan Wastewater Department (Fund 41509, Dept 779, OA 4146, JO 191830): \$967 for a laboratory; and Redevelopment Agency (Fund 10530, NTC Leaseholder Special Revenue Fund): \$13, 989 for various parcels in the proposed district. Funds will be included in the respective department Fiscal Year 2004 Operating Budgets to cover this cost. Redevelopment Agency assessments in Fiscal Year 2005 and beyond will be funded through lease payments. All general benefit streetlights proposed for this district would cost \$15,069 and would be paid from the Street Division as part of their Fiscal Year 2004 Operating Budget. All Maintenance Assessment District formation costs were paid by the developer.

Herring/Oppenheim/AWF

**ADOPTION AGENDA, HEARINGS****NOTICED HEARINGS:**

ITEM-332: The Egyptian.

Matter of the appeal by Robert Grinchuk of the decision by the Planning Commission approving Site Development Permit/Tentative Map for the demolition

of an existing non-historic bank building and partial demolition of the Park Theater/Bush Egyptian Theater, and to construct a six-story building with 80 condominiums with approximately 8,000-square-foot of ground floor retail use at 3812-3830 Park Blvd.

(See City Manager Report CMR-03-144. Uptown Community Plan Area. District-3.)

**CITY MANAGER’S RECOMMENDATION:**

Adopt the Resolution in subitem A to deny the appeal and to uphold the decision of the Planning Commission, certifying environmental document; and adopt the Resolution in subitem B to grant the permit; and adopt the resolution in subitem C to grant the map:

Subitem-A: (R-2004- )

Adoption of a Resolution granting or denying the appeal, and upholding or overturning the decision of the Planning Commission, certifying Mitigated Negative Declaration No. 5331.

Subitem-B: (R-2004- )

Adoption of a Resolution granting or denying Site Development Permit No. 012921, with appropriate findings to support Council action.

Subitem-C: (R-2004- )

Adoption of a Resolution granting or denying Tentative Map No. 012922, with appropriate findings to support Council action.

**OTHER RECOMMENDATIONS:**

Planning Commission on May 29, 2003, voted 5-0 to approve; was opposition.

Ayes: Brown, Chase, Garcia, Steele, Ontai

Not present: Schultz

Recusing: Lettieri

The Uptown Community Planning Group has recommended approval of this project.

**CITY MANAGER SUPPORTING INFORMATION:**

The proposed project site is located at the southwestern corner of the intersection of University Avenue and Park Boulevard in the Hillcrest neighborhood within the Uptown Community Planning Area. The site is zoned mixed use (CN-1 and CN-2). The immediate surroundings include restaurants/retail stores along Park Boulevard, a bar across Essex Street, apartments/condominiums west across the narrow alley, and retail to the north across University

Avenue. Park Boulevard is the physical boundary between the Uptown and North Park Community Planning Area.

The project proposes a mixed use development with approximately 8,000 square feet of commercial space on the ground floor along with a residential lobby and 80 residential units. The proposed structure would be six stories above grade at the north end of the site, along University Avenue, rising to seven stories above grade at the south end of the site, along Essex Street.

The building exterior would include smooth finish stucco with painted finishes, painted aluminum, cast-in-place concrete balconies with powder coated tubular steel railings and a flat built-up roof. In addition, two levels of subterranean parking are proposed. The lowest level of parking takes access at ground-level off the alley to the west, and the upper parking level takes access from Essex Street. The proposed subterranean parking garage includes 17 commercial spaces and 136 residential spaces.

An internal courtyard with landscaping would provide the necessary open space required by the Land Development Code. The project also includes street trees in pedestrian safe tree grates along Park Boulevard, University Avenue and Essex Street. Bike racks, sidewalk ramps (ADA required) and a new bus stop are included in the proposal.

Grading for the subterranean parking garage requires approximately 13,140 cubic feet of excavation which would require implementation of construction-related Best Management Practices (BMPs). Storm water runoff from University Avenue, Park Boulevard and the alley to the west currently is conveyed to the southwest where it enters the City's storm drain system at the closest inlet on the south side of Essex Street. These patterns would not be altered with the proposed development. However, specific BMPs would be implemented to reduce potential water quality impacts.

#### **FISCAL IMPACT:**

None with this action. All costs associated with the processing of this project are paid from a deposit account maintained by the applicant.

Ewell/Christiansen/PXG

#### **LEGAL DESCRIPTION:**

Lots 9-11, 12 and 13, except the south 4 1/2 feet, Block 239, University Heights, Map 1097; that portion of the west 25 feet of Park Boulevard, as closed by public use and vacated by Resolution No. 18061; Lots 1-4, Block 1 of Essex Place; the south 4 1/2 feet of Lot 13, Block 239 of University Heights, Map 1151; and that portion of the west 25 feet of Park Boulevard adjoining said property on the east, as closed and vacated.

#### **ADOPTION AGENDA, DISCUSSION, COMMITTEE ITEMS**

COMMITTEE ON PUBLIC SAFETY AND NEIGHBORHOOD SERVICES, RESOLUTIONS:



ITEM-333: Seven actions related to Fire Stations #1, #2, #12, #22, #29 and #31, and South Pacific Beach Lifeguard Tower and Grand Avenue Restrooms Improvements Project Update.

(See City Manager Report CMR-03-101 Rev.)

**TODAY'S ACTIONS ARE:**

Adopt the following resolutions:

Subitem-A: (R-2003-1463)

Approving the changes to the scope of the improvements for the individual Fire and Lifeguard facilities as described in City Manager's Report;

Directing the City Manager to move forward at this time with only the facilities identified in the Fire Facilities Financing Plan that can be completed within the previously approved \$45.2 million Project budget, thus deferring four Fire and three Lifeguard facilities, as recommended by the City Manager in the City Manager's Report;

Postponing the decision regarding the allocation of additional funding for the deferred improvements for the four Fire and three Lifeguard facilities until the impacts of the state budgets are known and can be assessed by the City Manager, at which time the City Manager is directed to return with a report on the Fire and Lifeguard Facilities Project progress and a recommendation regarding an increase in the overall Project budget;

Authorizing the City Manager to transfer an amount not to exceed \$225,000 from Mission Valley/Serra Mesa Park Service District Fees, Fund 11390, into CIP-33-090.0, Fire Station No. 2 Mission Valley, for construction of the mini-park, thus increasing the total budget for the Fire and Lifeguard Facilities Project to \$45.4 million;

Authorizing the expenditure of an amount not to exceed \$225,000 from CIP-33-090.0, Fire Station No. 2 Mission Valley, for the purpose of construction of the mini-park;

Authorizing the City Auditor and Comptroller to accept an amount not to exceed \$400,000 in state grant funds for CIP-33-102.0, Fire Station No. 22 - Point Loma, Fund No. 30380, State Grant Fund, for the purpose of constructing a new Fire Station No. 22 in Point Loma;

Authorizing the appropriation and expenditure of an amount not to exceed \$400,000 from CIP-33-102.0, Fire Station No. 22 - Point Loma, Fund No. 30380, State Grant Fund, for the purpose of providing funds for constructing a new Fire

Station No. 22 in Point Loma.

Subitem-B: (R-2003-1443)

Authorizing the City Manager to execute a phase funded consultant agreement with Vasquez + Marshall & Associates (Agreement) in an amount not to exceed \$288,625 from CIP-33-093.0, Fire Station No. 1, for architectural services for Fire Station No. 1;

Authorizing the expenditure of an amount not to exceed \$109,000 for Phase I of the Agreement and amount not to exceed \$179,625 for Phase II of the Agreement, for the purpose of providing consultant services for Fire Station No. 1, provided that the City Auditor and Comptroller first furnishes one or more certificates certifying that the funds necessary for expenditure under established contract funding phases are, or will be, on deposit with the City Treasurer;

Authorizing the City Auditor and Comptroller, upon advice from the administering department, to transfer excess budgeted funds, if any, to the appropriate reserves.

Subitem-C: (R-2003-1458)

Approving the plans and specifications for the construction of CIP-33-081.0, Fire Station No. 12 in Lincoln Park (Project);

Authorizing the City Manager, after advertising for bids in accordance with law, to establish contract funding phases and to award the Project contract to the lowest responsible and reliable bidder in an amount not to exceed \$2,743,000, provided that the City Auditor and Comptroller first furnishes one or more certificates certifying that the funds necessary for expenditure under established contract funding phases are, or will be, on deposit with the City Treasurer;

Authorizing the City Auditor and Comptroller, upon advice from the administering department, to transfer excess budgeted funds, if any, to the appropriate reserves.

Subitem-D: (R-2003-1460)

Approving the plans and specifications for the construction of CIP-33-103.0, Fire Station No. 29 in San Ysidro (Project);

Authorizing the City Manager, after advertising for bids in accordance with law, to establish contract funding phases and to award the Project contract to the lowest responsible and reliable bidder in an amount not to exceed \$2,741,000, provided that the City Auditor and Comptroller first furnishes one or more certificates certifying that the funds necessary for expenditure under established contract funding phases are, or will be, on deposit with the City Treasurer;

Authorizing the City Auditor and Comptroller, upon advice from the administering

department, to transfer excess budgeted funds, if any, to the appropriate reserves.

Subitem-E: (R-2003-1461)

Approving the plans and specifications for the construction of CIP-33-088.0, Fire Station No. 31 in Del Cerro (Project);

Authorizing the City Manager, after advertising for bids in accordance with law, to establish contract funding phases and to award the Project contract to the lowest responsible and reliable bidder in an amount not to exceed \$1,904,000, provided that the City Auditor and Comptroller first furnishes one or more certificates certifying that the funds necessary for expenditure under established contract funding phases are, or will be, on deposit with the City Treasurer;

Authorizing the City Auditor and Comptroller, upon advice from the administering department, to transfer excess budgeted funds, if any, to the appropriate reserves.

Subitem-F: (R-2003-1462)

Approving the plans and specifications for the construction of CIP-29-473.0, South Pacific Beach Lifeguard Tower and Grand Avenue Restrooms (Project);

Authorizing the City Manager, after advertising for bids in accordance with law, to establish contract funding phases and to award the Project contract to the lowest responsible and reliable bidder in an amount not to exceed \$2,636,000, provided that the City Auditor and Comptroller first furnishes one or more certificates certifying that the funds necessary for expenditure under established contract funding phases are, or will be, on deposit with the City Treasurer;

Authorizing the installation of angled parking spaces on the following streets pursuant to San Diego Municipal Code Section 86.03: 1) the south side of Garnet Avenue, west of Mission Boulevard; 2) the north side of Hornblend Street, between Dawes Street and Cass Street; and 3) the east side of Cass Street, from Reed Avenue to the alley north of Thomas Avenue;

Authorizing the installation of the necessary signs and markings to be made on said streets;

Authorizing the City Auditor and Comptroller, upon advice from the administering department, to transfer excess budgeted funds, if any, to the appropriate reserves.

Subitem-G: (R-2003-1465)

Certifying that Mitigated Negative Declaration LDR-42-0631, Project No. 4441, has been completed in compliance with the California Environmental Quality Act of 1970 (California Public Resources Code Section 21000 et seq.), as amended, and the State guidelines thereto (California Code of Regulations Section 15000 et

seq.), that the declaration reflects the independent judgment of the City of San Diego as Lead Agency and that the information contained in the report, together with any comments received during the public review process, has been reviewed and considered by Council in connection with the approval of the construction of CIP-33-103.0, Fire Station No. 29;

Approving Mitigated Negative Declaration LDR-42-0631, Project No. 4441;

Adopting the Mitigation Monitoring and Reporting Program;

Directing the City Clerk to file a Notice of Determination (NOD) with the Clerk of the Board of Supervisors for the County of San Diego regarding the project.

**PUBLIC SAFETY AND NEIGHBORHOOD SERVICES COMMITTEE'S  
RECOMMENDATION:**

On 5/14/2003, PS&NS voted 3 to 0 to forward the item directly to the City Council without a hearing. (Councilmembers Atkins, Maienschein and Frye voted yea. Councilmembers Zucchet and Lewis not present.)

Aud. Cert. 2301218.

**ADOPTION AGENDA, DISCUSSION, HEARINGS**

**SPECIAL HEARING:**

**ORDINANCE TO BE INTRODUCED, READY FOR DISPENSING WITH THE READING  
AND ADOPTION:**

ITEM-334: Fiscal Year 2004 Appropriation Ordinance.

**CITY MANAGER'S RECOMMENDATION:**

Introduce and adopt the following ordinance:

(O-2004-08)

Introduction and adoption of an Ordinance adopting the Annual Budget for the Fiscal Year 2003-04 and appropriating the necessary money to operate the City of San Diego for said Fiscal Year.

**NOTE:** Today's action is the second public hearing and introduction and adoption of the Ordinance. See Item 201 on the docket of Monday, July 21, 2003 for the first public hearing.

**ADOPTION AGENDA, DISCUSSION, HEARINGS**

**NOTICED HEARING:**

ITEM-335: Cabrillo Heights Parcel Maps.

(Serra Mesa Community Plan Area. District-6.)

**CITY MANAGER'S RECOMMENDATION:**

Adopt the following resolutions:

Subitem-A: (R-2004-78)

Resolution approving Project No. 4901 (Parcel Map), including the vacation of general utility and access easements, and public right-of-way.

Subitem-B: (R-2004-79)

Resolution approving Project No. 5124 (Parcel Map), including the vacation of general utility and access easements, and public right-of-way.

Subitem-C: (R-2004-80)

Resolution approving Project No. 5277 (Parcel Map), including the vacation of general utility and access easements, and public right-of-way.

Subitem-D: (R-2004-81)

Resolution approving Project No. 5970 (Parcel Map), including the vacation of general utility and access easements, and public right-of-way.

**OTHER RECOMMENDATIONS:**

On November 21, 2002, the Serra Mesa Community Planning Group voted 9-0-0 to recommend approval of the project.

**CITY MANAGER SUPPORTING INFORMATION:**

This project includes four (4) parcel maps which propose the lot line adjustment and lot consolidation of property owned by the United States Navy for residential development. The parcel maps require City Council approval because streets and public easements are being vacated on the maps. The combined total area of the 4 parcel maps is approximately 105 acres. The project site is located south of Hurlbut Street, east of Highway 805, north of the un-named alley that is south of Larkdale, and west of the un-named alley that is east of Murray Ridge Road in the Serra Mesa Community Plan Area. The parcel maps would vacate portions of Larkdale Avenue, Larkdale Place, Krenz Street, Afton Road, Jordan Street, Jordan Place, Hurlbut Street, Iverson Street, a small portion of Sandrock Road, and 2 un-named alleys. The Parcel Maps are identified as follows:

Project No. 4901; Parcel Map 1; 13.963 acres; 7 parcels;

Project No. 5124; Parcel Map 2; 41.041 acres; 21 parcels;  
Project No. 5277; Parcel Map 3; 22.534 acres; 15 parcels;  
Project No. 5970; Parcel Map 4; 27.758 acres; 12 parcels.

The parcel maps and street and easement vacations are proposed to allow redevelopment of the existing U.S. Navy housing development. In process currently is the demolition of 812 housing units. The proposed parcel maps will allow construction of 900 new housing units for military personnel.

The existing general utility and access easements and street dedications were granted on Parcel Map No. 2839 and are no longer necessary for the planned development, and are therefore being vacated at no cost to the City. New general utility and access easements are being granted on the maps to accommodate the new utility locations, along with new street dedications.

#### **TRAFFIC IMPACT:**

The proposed Cabrillo Heights Navy Housing project is estimated to generate an additional 704 average daily trips. The proposed project would maintain similar roadway connections to the existing community. The potential increase in average daily trips would not be significant to the surrounding street network.

#### **FISCAL IMPACT:**

None. All costs associated with the processing of this project are paid from a deposit account maintained by the applicant.

Ewell/Christiansen/VLG

#### **NON-DOCKET ITEMS**

#### **ADJOURNMENT IN HONOR OF APPROPRIATE PARTIES**

#### **ADJOURNMENT**



THE CITY OF SAN DIEGO  
**MANAGER'S REPORT**

DATE ISSUED: June 18, 2003  
ATTENTION: Honorable Mayor and City Council  
Docket of June 24, 2003  
SUBJECT: Fire and Lifeguard Facility Improvements Project Update

REPORT NO. 03-101 REV.  
This is a ~~strikeout~~/underlined  
version of CMR 03-101  
which was issued to the  
PS&NS Committee on 5/9/03.

REFERENCE: Fire Facilities

Manager's Report No. 02-063, dated March 27, 2002  
Manager's Report No. 01-031, dated February 21, 2001  
Manager's Report No. 00-166, dated August 7, 2000  
Manager's Report No. 00-122, dated June 1, 2000  
Manager's Report No. 00-20, dated January 28, 2000

Lifeguard Facilities

Manager's Report No. 02-063, dated March 27, 2002  
Manager's Report No. 01-171, dated July 27, 2001  
Manager's Report No. 01-088, dated May 10, 2001  
Manager's Report No. 01-031, dated February 21, 2001

SUMMARY

Issues:

1. Should the City Council authorize the changes to the scope of individual fire and lifeguard facilities as outlined within this report to enable staff to move forward with design and construction?

2. Should the City Council direct the City Manager to move forward at this time with only the facilities within the Fire and Lifeguard Facility Improvements Project (Project) that can be achieved within the previously approved \$45.2 million Project budget, thus deferring four fire facilities and three lifeguard facilities? Further, should the City Council postpone a decision regarding the overall Project budget until fall when additional information regarding the actions of the state and the status of the City budget is available at which time the City Manager will return with a report on the Project progress and a recommendation regarding an increase in the overall Project budget?

#### **Fire Station #1 (Downtown)**

3. Should the City Council approve a phase-funded consultant agreement for architectural services with Vasquez + Marshall & Associates, in an amount not-to-exceed \$288,625, from CIP 33-093.0, Fire Station #1, and authorize expenditure of an amount not-to-exceed \$109,000 for Phase I of the agreement and an amount not-to-exceed \$179,625 for Phase II, provided the City Auditor and Comptroller first certify fund availability?

#### **Fire Station # 2 (Mission Valley)**

4. Should the City Council authorize the City Auditor and Comptroller to appropriate and expend ~~transfer~~ \$225,000 from Mission Valley/Serra Mesa Park Service District Fees, Fund No. 11390 to CIP No. 33-090.0, Fire Station #2 – Mission Valley, for funding the mini-park, thus increasing the overall Fire and Lifeguard Facility Improvements Project budget to \$45,416,070?

#### **Fire Station # 12 (Lincoln Park)**

5. Should the City Council approve the plans and specifications for the construction of CIP 33-081.0, Fire Station # 12, as advertised by Contract Services?
6. Should the City Council authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,743,000 with the lowest responsible and reliable bidder, provided that the City Auditor first certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves?

#### **Fire Station # 22 (Point Loma)**

7. Should the City Council authorize the Auditor and Comptroller to accept \$400,000 received in state grant funds and appropriate and expend said funding from CIP 33-102.0, Fire Station #22 - Point Loma, Fund No. 30380, State Grant Fund, for the purpose of constructing a new Fire Station #22 in Point Loma?

#### **Fire Station # 29 (San Ysidro)**

8. Should the City Council approve the plans and specifications for the construction of CIP 33-103.0, Fire Station #29, as advertised by Contract Services?



9. Should the City Council authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,741,000 with the lowest responsible and reliable bidder, provided that the City Auditor certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves?
10. Should the City Council certify that the information contained with Land Development Review (LDR) File No. 42-0631 has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and that said Mitigated Negative Declaration (MND) reflects the independent judgment of the City of San Diego as Lead Agency?
11. Should the City Council state for the record that the final MND, LDR No. 42-0631, has been reviewed and considered prior to approving the project?

### **Fire Station # 31 (Del Cerro)**

12. Should the City Council approve the plans and specification for the construction of CIP 33-088.0, Fire Station #31, as advertised by Contract Services?
13. Should the City Council authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$1,904,000 with the lowest responsible and reliable bidder, provided that the City Auditor certifies fund availability and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves?

### **South Pacific Beach Lifeguard Tower (and Grand Avenue Restroom)**

14. Should the City Council approve the plans and specifications for the construction of CIP 29-473.0, South Pacific Beach Lifeguard Tower and Grand Avenue Restroom, as advertised by Contract Services?
15. Should the City Council authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,636,000 with the lowest responsible and reliable bidder provided that the City Auditor first certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves?
16. Should the City Council authorize the installation of angle parking on: 1) the south side of Garnet Avenue, west of Mission Boulevard; 2) the north side of Hornblend Street, between Dawes and Cass; and, 3) the east side of Cass Street, from Reed to the alley north of Thomas?

### **Manager's Recommendations:**

1. Authorize the changes to the scope of individual fire and lifeguard facilities as outlined within this report to enable staff to move forward with design and construction.

2. Direct the City Manager to move forward at this time with only the facilities within the Fire and Lifeguard Facility Improvements Project (Project) that can be achieved within the previously approved \$45.2 million Project budget, thus deferring four fire facilities and three lifeguard facilities. It is further recommended that a decision regarding the overall Project budget be postponed until fall when additional information regarding the actions of the state and the status of the City budget is available at which time the City Manager will return with a report on the Project progress and a recommendation regarding an increase in the overall Project budget.

Therefore, the following actions specific to various facilities are recommended:

#### **Fire Station #1 (Downtown)**

3. Approve a phase-funded consultant agreement for architectural services with Vasquez + Marshall & Associates, in an amount not-to-exceed \$288,625, from CIP 33-093.0, Fire Station #1, and authorize expenditure of an amount not-to-exceed \$109,000 for Phase I of the agreement and an amount not-to-exceed \$179,625 for Phase II, provided the City Auditor and Comptroller first certify fund availability.

#### **Fire Station # 2 (Mission Valley)**

4. Authorize the City Auditor and Comptroller to appropriate and expend ~~transfer~~ \$225,000 from Mission Valley/Serra Mesa Park Service District Fees, Fund No. 11390 to CIP No. 33-090.0, Fire Station #2 – Mission Valley, for funding the mini-park, thus increasing the overall Fire and Lifeguard Facility Improvements Project budget to \$45,416,070.

#### **Fire Station # 12 (Lincoln Park)**

5. Approve the plans and specifications for the construction of CIP 33-081.0, Fire Station #12, as advertised by Contract Services.
6. Authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,743,000 with the lowest responsible and reliable bidder, provided that the City Auditor first certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves.

#### **Fire Station # 22 (Point Loma)**

7. Authorize the Auditor and Comptroller to accept \$400,000 received in state grant funds and appropriate and expend said funding from CIP 33-102.0, Fire Station #22 - Point Loma, Fund No. 30380, State Grant Fund, for the purpose of constructing a new Fire Station #22 in Point Loma.

#### **Fire Station # 29 (San Ysidro)**

8. Approve the plans and specifications for the construction of CIP 33-103.0, Fire Station #29, as advertised by Contract Services.

9. Authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,741,000 with the lowest responsible and reliable bidder, provided that the City Auditor certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves.
10. Certify that the information contained with LDR File No. 42-0631 has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and that said Mitigated Negative Declaration (MND) reflects the independent judgment of the City of San Diego as Lead Agency.
11. State for the record that the final MND, LDR No. 42-0631, has been reviewed and considered prior to approving the project.

#### **Fire Station # 31 (Del Cerro)**

12. Approve the plans and specification for the construction of CIP 33-088.0, Fire Station #31, as advertised by Contract Services.
13. Authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$1,904,000 with the lowest responsible and reliable bidder, provided that the City Auditor certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves.

#### **South Pacific Beach Lifeguard Tower (and Grand Avenue Restroom)**

14. Approve the plans and specifications for the construction of CIP 29-473.0, South Pacific Beach Lifeguard Tower and Grand Avenue Restroom, as advertised by Contract Services.
15. Authorize the City Manager to execute a phase-funded construction contract in an amount not-to-exceed \$2,636,000 with the lowest responsible and reliable bidder provided that the City Auditor first certifies fund availability, and authorizing the City Auditor and Comptroller to return excess budgeted funds to the appropriate reserves.
16. Authorize the installation of angle parking on: 1) the south side of Garnet Avenue, west of Mission Boulevard; 2) the north side of Hornblend Street, between Dawes and Cass; and, 3) the east side of Cass Street, from Reed to the alley north of Thomas.

Other Recommendations: None.

#### Fiscal Impact:

The previously approved \$45.2 million budget will no longer be sufficient to allow for completion of the entire original Fire and Lifeguard Facility Improvements Project (Project) program composed of 12 fire facilities and 10 lifeguard facilities. In anticipation of future community needs, increases in the size of individual fire stations and lifeguard facilities have been identified which result in cost increases for each station, thereby increasing the cost of the overall Project. At this time, it is recommended that the changes in scope of individual stations and the resultant cost increases for these stations be approved and that staff be directed to proceed with work on a reduced number of fire facilities (8 instead of 12) and lifeguard facilities (7 instead of 10) that can be funded within the previously approved budget. Work on the other

facilities would be deferred until the fall of 2003 at which time additional budgetary information would be available to allow for a well-informed decision to be made regarding funding of the entire Project, as described more thoroughly below.

With one minor exception, the actions recommended herein would have no net impact on the original total \$45.2 million budget approved for the Fire and Lifeguard Facility Improvements Project. The exception is the transfer of \$225,000 from Park and Recreation, Mission Valley/Serra Mesa Park Service District Fees, Fund 11390, to the Project for purposes of funding the mini-park associated with Fire Station #2 (Mission Valley) which will result in a \$225,000 increase to the overall Project budget (for a new total of \$45.4 million). The funding sources for fire facilities as initially identified under the conceptual financing plan for the Project, approved in April 2002, included City cash, Development Impact Fees, State Grant Funds, bond proceeds, and the interest earnings on bond proceeds. Existing bond proceeds, as well as proceeds from a subsequent bond issuance, would be reallocated from the deferred facilities to address changes in scope to the remaining eight facilities, which would help ensure the proceeds are allocated and spent in the most efficient manner possible. The funding sources for lifeguard facilities include Coastal Infrastructure and Transient Occupancy Tax (TOT) funding, as well as bond proceeds and the associated interest earnings. Funding would be reallocated among lifeguard facilities to fund the seven highest priority facilities.

When the conceptual financing plan for the Fire and Lifeguard Facility Improvements Project was approved, it was contemplated that two series of bonds would be issued to provide a total of \$41.4 million for the Project including interest earnings on bond proceeds. The remaining budget (\$3.8 million) is covered by the other funding sources referenced above. (This does not include the additional \$225,000 that would be transferred into the Project as part of the actions recommended herein.) It was determined that two series of bonds would be required due to Internal Revenue Service requirements, under which the construction proceeds from a bond issuance must be expended within three years of the bond issuance date. Based upon the approved financing plan, a portion of Proposition 172 (Safety Sales Tax) revenues will be used as the source of repayment on the bonds.

In June 2002, the Public Facilities Financing Authority of the City of San Diego issued a first series of bonds, producing an estimated \$22.3 million in construction proceeds, for both fire and lifeguard facilities, including the estimated interest earnings on such proceeds. This funding is being used to begin purchasing necessary land, and designing and constructing these facilities. Based on the most currently available estimates from the Engineering & Capital Projects Department, it is anticipated that the proceeds generated by this first bond issuance will be fully encumbered by the fall of 2003 and proceeds from a second bond issuance will be needed. However, Engineering & Capital Projects is currently in the process of identifying additional phased funding contract opportunities which would enable the timing of the second issuance to be deferred to a later date. The second issuance is expected to provide the remaining amount needed to complete the Project under the current budget (approximately \$19.1 million). The issuance must also provide an amount sufficient to fund the debt service reserve fund and all

related costs of issuance, including but not limited to underwriters, bond counsel, trustee, and preparation of the Official Statement. Prior to the issuance of the second series of bonds, related financing documents would be brought forward for City Council consideration.

In light of the current budget situation facing the City and the unknown impacts associated with the state budget, it is prudent to allow time to assess the fiscal situation facing the City before considering an increase in the overall Project budget to cover the original list of facilities. Thus, it is further recommended that the City Manager return to the City Council in the fall following state action with a report on the Project progress and a recommendation regarding an increase in the overall Project budget. The report would also address the size and timing of the second bond issuance, in light of any state budget impacts, and would provide information on the amount of additional bonds that would need to be issued if the Project budget is increased, as well as the amount of additional recurring revenue that would be required to make payments on such additional bonds.

## BACKGROUND

In 2001, through a series of City Council and Council Committee meetings and in an effort to upgrade the public safety facilities, an overall program for improving fire and lifeguard facilities was presented along with a corresponding financing plan. The approved Project program, presented to the City Council, includes 12 fire and 10 lifeguard facilities. The list of fire facilities identified to be added, replaced or remodeled was developed by San Diego Fire-Rescue Department staff in conjunction with the International Association of Firefighters Local 145. The list includes the addition of Fire Stations #2 (East Mission Valley), along with construction of a mini-park, #29 (San Ysidro), #32 (Skyline), and #54 (Paradise Hills); replacement of Fire Stations # 5 (Hillcrest), #12 (Lincoln Park), #17 (Mid-City), and #31 (Del Cerro); and renovation and remodeling of Fire Stations #1 (Downtown) and #22 (Point Loma). The list also includes the Major Component Replacement Project and the Kearny Villa Repair Facility Project.

The list of 10 lifeguard facilities to be replaced or remodeled was developed by San Diego Fire-Rescue Department and Lifeguard Division staff, along with the Municipal Employees Association (MEA). This list includes one new lifeguard station to be located at North Pacific Beach; four stations to be removed and replaced at South Mission Beach, La Jolla Cove, Children's Pool and South Pacific Beach; one to be remodeled and enlarged at La Jolla Shores; two to be remodeled at Ocean Beach and Mission Beach; property acquisition for a future new tower at Old Mission Beach; and seed money for the planning, design and infrastructure work for a new Mission Bay Headquarters.

The previously approved total project budget estimated for the entire Fire and Lifeguard Facility Improvements Project is \$45.2 million. Of this total, \$34.3 million is to fund the fire facilities and the remaining \$10.9 million is allocated to lifeguard facilities. A substantial portion of this funding is bond funding, as can be seen in Table A below.

## ***PROJECT FUNDING SOURCES***

***Table A***

### Fire Facilities:

The funding sources identified for the fire facilities are as follows:

Bond Proceeds (including interest earnings)	\$32,991,000
Development Impact Fees	\$ 600,000
State Grant Funds	\$ 400,000
Cash	\$ 159,000
Capital Outlay	\$ 60,000
<u>Building Permit Fee District C</u>	<u>\$ 45,000</u>
Total Funding Sources	\$34,255,000

### Lifeguard Facilities:

The funding sources identified for the lifeguard facilities are as follows:

Bond Proceeds (including interest earnings)	\$8,461,000
Coastal Infrastructure Funding	\$2,376,000
<u>TOT Funding</u>	<u>\$ 100,000</u>
Total Funding Sources	\$10,937,000

## DISCUSSION

Subsequent to the actions described above, issues have arisen that have resulted in increased Project costs. The transition to a new Fire-Rescue Department administration with long-term vision illuminated the fact that the scheduled improvements would not successfully provide for service into the future for a growing San Diego community and objections were raised about continuing with an inadequate project. Revising the Project program to provide appropriately-sized fire facilities resulted in increased costs for the initial list of improvements. The cost increases for the fire facilities stem from increased square footage to the new facilities to prepare for future needs, as well as additional relocation costs, construction cost escalation, and additional LEED costs. Further, two fire facilities (Fire Stations #28, Kearny Mesa, and #39, Tierrasanta) not originally contained in the Project have been identified as important to long-term service provision. The lifeguard facilities are also facing increased costs for some of the same reasons, and from the addition of furniture, fixtures and equipment costs that had previously been deleted in anticipation of absorption into the operating budget. Each of these increases is explained below.

Following development of the original facility program requirements, fire station size needs were reassessed by the San Diego Fire-Rescue Department. It was determined that additional space is necessary in the stations to accommodate the eventual need for increased emergency service units anticipated due to the projected increase in population density and traffic. Additionally, Fire Station #22 (Pt. Loma) is now recommended to be a new construction, rather than a remodel which would have resulted in too small a facility. The square footage increases included within the facility scope changes would provide an additional 14,194 square feet of building space.

Additionally, relocation costs have increased substantially. The original intention was to site engine companies at other fire stations during renovation of existing facilities. When practical, fire companies will be located in nearby stations, however, a review of this plan identified unacceptable extended response times in many cases. Maintaining emergency coverage within the areas necessitates the use of temporary trailers instead of relocating engine companies. For the sake of efficiency, construction plans do anticipate reuse of temporary trailers at several sites. San Diego Fire-Rescue Department staff has reprioritized the order of facilities to economize on the relocation costs.

The bidding climate has also changed, which has had an affect on the Project costs. On February 26, 2003 (Manager's Report No. 03-035), a comparison of construction cost estimates to bids for Public Works Contracts by the Engineering & Capital Projects Department was presented to the Natural Resources and Culture Committee. The study showed that several factors such as the overall economy, market activity, labor rates, productivity, material costs, increased insurance premiums, and competition have contributed to increased construction costs. Staff reviewed cost estimates and cost overruns on various projects including public buildings and parks, water and sewer pipelines, streets and highways, water and sewer pump stations, as well as storm drain and underground storage tanks, and found that costs are increasing in all areas. A review of fire station contracts awarded between Fiscal Year 1999 and Fiscal Year 2002 demonstrated a 45% construction cost increase during that three year period.

The Leadership in Energy Environmental Design (LEED) "Silver" certification standard was adopted for seven new fire stations and the associated costs were previously estimated at below current actual costs. A more current estimate, which was developed by the consultant hired for Fire Station #29, has been used as the basis for the revised project cost estimate and is proposed as a benchmark for Silver-rated facilities construction. The Fire and Lifeguard Facility Improvements Project was the City's first attempt at estimating expenses associated with complying with the LEED standard. Incorporation of LEED elements into fire station facilities has been more challenging than initially contemplated.

To mitigate the risk of ongoing cost underestimation and delays in awarding projects that would affect contractors and the community, the Engineering and Capital Projects Department has taken all of the above into account and reevaluated the original fire station program cost estimates. A revised cost estimate has been generated to reflect the increased cost associated with constructing the facilities within the Project. The cost for the original list of fire facilities has increased from \$34.3 million to \$47.0 million. Attachments 1 and 2 outline the original cost, the scope changes, and the revised cost for the original list of fire stations in table and pie chart formats.

Finally, as indicated above, two additional fire stations have been identified for possible inclusion in the project beyond those originally contemplated. The addition of Fire Stations #28 (Kearny Mesa) and #39 (Tierrasanta) would revise the cost projections further, to a total of \$63.1million. It has been determined that these two facilities are needed for department operations because the existing fire stations do not provide adequate living or apparatus floor space for the current level of emergency response crews and apparatus. These two stations

would be next on the priority list following the projects already outlined in the current bond proposal. (See Attachment 3 for a description of the fire facility impacts including the two new facilities.)

As indicated above, the lifeguard facilities have encountered similar cost issues. During their conceptual design, previously unforeseen requirements affecting the original cost estimates became apparent. An unanticipated increase in construction escalation and the cost of temporary facilities have also impacted the project estimates for this portion of the project. Additionally, an Americans with Disabilities Act (ADA) compliance requirement for the addition of elevators in two-story facilities (South Mission Beach, North Pacific Beach and South Pacific Beach) and an extensive ADA accessible ramp to the La Jolla Cove station have raised costs. Further assessment is necessary to estimate the cost of the entire original program of facilities inclusive of the additional impacts.

Further, costs of furniture, fixtures and equipment have been added back to the budget for the lifeguard facilities. During the development of the original cost estimates for the lifeguard facilities, value engineering efforts took place to lower the funding requirements to approximately \$10.9 million. At that time, furnishings, fixtures, and equipment costs were deleted in anticipation of absorption into the operating budget. Given other budget issues facing the department, it is prudent to fund these expenses in the capital budget instead of relying upon the operating budget for installation of these facility details. (Attachments 4, 5 and 6 reflect the original cost, scope changes, and revised cost for the original list of lifeguard facilities in table and pie chart formats, and provide a description of lifeguard facility impacts.)

#### Recommendation:

For the reasons explained above, the previously approved \$45.2 million project budget will no longer be sufficient to allow for completion of the 12 fire facilities and 10 lifeguard facilities in the original Fire and Lifeguard Facility Improvements Project program. The approved conceptual financing plan for the Project contemplated that two series of bonds would be issued to provide a total of \$41.4 million for the Project including interest earnings on bond proceeds. The remaining \$3.8 million of the budget is covered by City cash, Development Impact Fees, and State Grant Funds. (These figures do not include the additional \$225,000 that would be transferred into the Project as part of the actions recommended herein.) The first series has been issued and resulted in approximately \$22.3 million in construction proceeds, including the estimated interest earnings on such proceeds. The second issuance is expected to provide the remaining \$19.1 million needed complete the Project under the previously approved budget. Based on the most currently available estimates from the Engineering & Capital Projects Department, it is anticipated that the proceeds generated by this first bond issuance will be fully encumbered by the fall of 2003 and proceeds from a second bond issuance will be needed. However, Engineering & Capital Projects is currently in the process of identifying additional phased funding contract opportunities which would enable the timing of the second issuance to be deferred to a later date.

To address the fact that the anticipated project costs have exceeded the original budget, the City Manager's recommendation is that the changes in scope of individual fire stations needed to



accommodate the future needs of the system and the resultant cost increases for these stations be approved, and that staff be directed to proceed at this time with work only on the number of facilities (8 instead of 12 fire facilities, and 7 instead of 10 lifeguard facilities) that can be funded within the previously approved budget. Existing bond proceeds, as well as proceeds from a subsequent bond issuance, would be reallocated from the deferred facilities to address changes in scope to the remaining facilities, which would help ensure the proceeds are allocated and spent in the most efficient manner possible. Given the City's current budget difficulties and the unknown impacts of upcoming state budget decisions, it is prudent to wait until these impacts are known before considering an increase in the size of the Project budget to accommodate the entire original program of Project facilities. Thus, it is further recommended that the City Manager return to the City Council in the fall following state action with a report on the Project progress and a recommendation regarding an increase in the overall Project budget. The report would also address the size and timing of the second bond issuance, in light of any state budget impacts, and would provide information on the amount of additional bonds that would need to be issued if the

Project budget is increased, taking into account additional phased funding contract opportunities, as well as the amount of additional recurring revenue that would be required to make payments on such additional bonds.

Remaining within the original budget for fire facilities would necessitate deferring work on Fire Station #17 (Mid-City) and the Kearny Villa Repair facility, and only purchasing the land for Fire Stations #32 (Skyline) and #54 (Paradise Hills) at this time. Identifying and obtaining land for fire stations is difficult now and will become more expensive in the future, thus it is beneficial to make the land investment now rather than at a later time. Additionally, approximately \$400,000 of the Major Components improvements would be deferred until a decision is ultimately made on the overall Project budget. (The amended list of projects, new square footages, and new costs, as will be proceeded with under the City Manager's recommendation, can be seen in Table B below.)

**Table B**

***REVISED FIRE FACILITIES SCOPE OF SERVICES***

*Revised Scope of Services to be funded via originally approved funding of \$34,254,540*

<b><i>A. Major Components)</i></b>	<b><i>Orig. s.f.</i></b>	<b><i>Rev. s.f.</i></b>	<b><i>Revised Project Cost</i></b>
<b><i>(Design&amp; construction)</i></b>			
- Apparatus Doors	--	--	\$ 532,000
- Generator Upgrades	--	--	\$ 999,994
- Electrical Upgrades	--	--	\$ 161,000
- Roofing Systems	--	--	\$ 690,200
- Misc. Remodeling	--	--	\$ 215,000
- HVAC Systems	--	--	\$ 212,000
- Kitchen Remodels	--	--	\$ 430,000
- Dorm Expansion	--	--	\$ 415,720
- Exterior renovations	--	--	\$ 159,695
<b><i>Sub-total A</i></b>			<b><i>\$ 3,815,609</i></b>

***B. Fire Stations (Design and Construction)***

- Fire Station 31	6,400	7,825	\$ 2,803,154
- Fire Station 12	10,200	11,333	\$ 3,789,490
- Fire Station 29	8,600	9,809	\$ 4,723,547
- Fire Station 2	16,700	16,897	\$ 6,693,397
- Fire Station 5	8,100	10,200	\$ 4,166,525
- Fire Station 22	2,270	6,000	\$ 3,619,729
- Fire Station 1	--	--	\$ 3,210,189
<b><i>Sub-total B</i></b>			<b>\$ 29,006,031</b>

***C. Land Acquisition Only***

- Fire Station 32	--	--	\$ 636,450
- Fire Station 54	--	--	\$ 796,450
<b><i>Sub-total C</i></b>			<b>\$ 1,432,900</b>

***Total A, B, and C*** **\$ 34,254,540**

To remain within the original budget for the lifeguard portion of the Project would result in focus on the seven highest priority facilities, including furnishings, fixtures and equipment. With the exception of preliminary work currently underway, three projects from the original list would be deferred to allow for transfer of the funds to cover the other seven projects. The seed money from the Lifeguard Headquarters, less funding to cover development of concept plans (\$100,000); funding from the Old Mission Beach land acquisition, less funding to cover a property assessment (\$10,000); and funding for the remodel of Ocean Beach would be reallocated to the seven high priority facilities. In addition, the savings associated with value engineering of the Mission Beach facility (\$72,983) would be reallocated as well. Table C below includes the amended list of projects and new costs, as would be proceeded with under the City Manager's recommendation.

**Table C****REVISED LIFEGUARD FACILITIES SCOPE OF SERVICES:**

*Revised Scope of Services to be funded via originally approved funding of \$10,936,530*

<b>A. Lifeguard Facilities</b>	<b>Orig. Project Cost</b>	<b>Revised Project Cost</b>
- South Pacific Beach	\$1,989,431	\$3,366,508
- Children's Pool	\$643,124	\$ 886,316
- La Jolla Cove	\$481,309	\$ 756,625
- La Jolla Shores	\$1,252,478	\$ 1,789,478
- South Mission Beach	\$1,140,454	\$ 1,770,525
- Mission Beach	\$428,332	\$ 355,349
- North Pacific Beach	\$1,231,749	\$ 1,901,729
- Lifeguard Headquarters	\$2,300,000	\$ 100,000
- Old Mission Beach (land acq.)	\$1,000,000	\$ 10,000
- Ocean Beach	\$469,653	\$0
<i>Total A</i>		<i>\$ 10,936,530</i>

To move forward in accordance with the City Manager's recommendation contained in this report, several actions are necessary as outlined at the start of this report. Approval to focus on only those individual facilities that fit within the Project budget at this time is necessary as well as approval of the revised scope of those facilities, ie, the changed square footages, to enable design and construction to continue. Approval of the revised scope of individual facilities is recommended to meet the future needs of the San Diego Fire-Rescue Department. Additional actions needed at this time for individual fire facilities to proceed on schedule include the transfer of funding from Park Service District Fees for Fire Station #2 (Mission Valley) to fund the mini-park; approval of plans and specifications, and approval to execute phase funded construction contracts for Fire Stations #12 (Lincoln Park), #29 (San Ysidro), and #31 (Del Cerro); official acceptance of grant funds already received for Fire Station #22 (Pt. Loma); and approval of environmental documents for Fire Station #29. Fire Stations #12 (Lincoln Park) and #31 (Del Cerro) are replacement facilities and, as such, are exempt from the California Environmental Quality Act (CEQA) under State CEQA Guidelines, Article 19, section 15302, Replacement or Reconstruction.

Actions to allow lifeguard facilities to proceed include approval of plans and specifications and approval to execute a phase funded construction contract for the South Pacific Beach lifeguard tower and Grand Avenue Restroom. Additionally, an action to authorize the installation of angle parking on: 1) the south side of Garnet Avenue, west of Mission Boulevard; 2) the north side of Hornblend Street, between Dawes and Cass; and, 3) the east side of Cass Street, from Reed to the alley north of Thomas is recommended. Currently, parallel parking exists on both sides of these streets, except on the west side of Cass between Reed and Thomas where angle parking already exists. The installation of angle parking in these areas will provide approximately 19 additional parking spaces to make up for parking space losses at the location of the new comfort station. There is sufficient street width to safely accommodate angle parking on these streets.

The Pacific Beach Community Planning Committee supports this action. This lifeguard facility is exempt from CEQA pursuant to State CEQA Guidelines, Article 19, section 15303, New Construction or Conversion of Small Structures. It is recommended that these actions be approved.

#### Project Status:

The original list of fire facilities in the prioritized order developed, and recently modified, by the San Diego Fire-Rescue Department is underway with the funding obtained through the proceeds from the first series of bonds, issued in June 2002. The fire facilities are in various stages of progress. Portions of the Major Components project are currently under construction, including the apparatus doors, generators, and electrical upgrades, and roofing systems are in the construction award process for numerous fire stations around the San Diego area. Fire Stations #12 (Lincoln Park), #29 (San Ysidro) and #31 (Del Cerro) are ready to be advertised for construction in June 2003.

As previously requested and approved by the City Council, the schedule for Fire Stations #2 (Mission Valley), #32 (Skyline/Paradise Hills), and #54 (Paradise Hills) were accelerated. Currently, Fire Station #2 is at 70% design development and construction is anticipated to begin by February 2004. In addition, consultants have been selected to provide professional services for Fire Stations #5 (Hillcrest), #22 (Point Loma) and #1 (Downtown). Though under the City Manager's recommendation these two facilities would be deferred, Fire Stations #32 and #54 will ultimately be located on new sites and land acquisition is in progress. A chart reflecting the fire facilities schedule is included as Attachment 7.

Based on a prioritized list of lifeguard facilities improvements previously developed by San Diego Fire-Rescue Department staff, Lifeguard Division staff, and the Municipal Employees Association (MEA), and approved by the City Council, the Engineering and Capital Projects Department is currently managing the design of seven stations. Plans for the replacement of the South Pacific Beach Lifeguard Station are 100% complete. Plans for the replacement of the Children's Pool, La Jolla Cove and La Jolla Shores Lifeguard Stations are in a conceptual stage and being reviewed for approval by the community. A site study for the construction of a new lifeguard tower at North Pacific Beach is being completed. A tentative location has been identified and discussed with community representatives, Coastal Commission Staff, and lifeguard staff. Consultant interviews are being scheduled for the design of a new lifeguard station at South Mission Beach to replace the existing one, and to refurbish the existing Mission Beach facility. Though the Lifeguard Headquarters and Old Mission Beach facilities would be deferred under the City Manager's recommendation, some work has commenced. Concept plans (\$100,000) for the Lifeguard Headquarters are being developed and will be completed within the original Project budget amount, while the remainder of the project would be deferred. A property assessment (\$10,000) for the Old Mission Beach facility has been completed, while the land acquisition would be deferred.

The projects are scheduled to begin construction based on the following priority: South Pacific Beach and Children's Pool stations in the fall of 2003, La Jolla Cove, La Jolla Shores, South Mission Beach, and Mission Beach in the fall of 2004, and North Pacific Beach in the fall of

2005. A chart reflecting the schedule of lifeguard facilities is included as Attachment 8.  
Alternatives:

There are two alternatives to proceeding with a limited list of fire facilities at the original Project cost. The first is to approve funding the entire original list of fire facilities, at their revised scope and increased cost, which would increase the fire portion of the Project total to \$47.0 million (from the current budget of \$34.3 million). The second alternative is to approve funding the entire original list of fire facilities, at their revised scope and increased cost, plus the addition of Fire Stations #28 (Kearny Mesa) and #39 (Tierrasanta), which would increase the fire portion of the Project total to \$63.1 million.

There is one alternative to proceeding with a limited list of lifeguard facilities at the original Project cost. That alternative is to proceed with funding a larger scope for the Mission Beach facility, funding the Old Mission Beach land acquisition, and funding the Ocean Beach remodel within the list of lifeguard facilities. The improvement needs for Lifeguard Headquarters are more expansive than the scope allows, and substantially more expensive, and it is anticipated that this project would be part of a larger redevelopment effort in the future, thus this facility would be deleted from the list, not just deferred. Additional refinement of the costs for the projects to be included within the alternative is necessary before a total cost is available. This information will be provided in the fall report to the City Council.

The current financing plan for the project does not support the issuance of the additional bonds that would be needed to cover the increased costs of the alternatives reflected herein. If the City Council elected to proceed with either of the alternatives, additional annual recurring revenue would need to be identified to support the payments on the additional bonds. A portion of Proposition 172, Safety Sales Tax, revenues were previously approved to fund the bond payments for the Fire and Life Safety Facility Improvements Project. As the balance of Proposition 172 revenues are currently allocated to the General Fund for funding of Police and Fire operations, any increase in bond payments would impact the General Fund. Given the budgetary uncertainty, it is recommended that a decision to obligate additional funding to this project be postponed until additional information is available in fall 2003.

Based on the latest construction cash flow estimates provided by Engineering & Capital Projects, and current market conditions, Alternative 1 for both fire and lifeguard facilities would require additional revenues totaling approximately \$570,000 annually. (This figure reflects the best available estimates for the Mission Beach and Ocean Beach lifeguard facilities, and, as this alternative was identified late in the process of developing alternatives and related funding requirements, does not include the land cost for the Old Mission Beach station. All the lifeguard alternative figures require further refinement for the fall report.) Estimated additional revenues required to fund Alternative 2 for fire facilities and the lifeguard facility alternative (with the same exceptions noted for the Alternative 1 funding requirements) are \$1,710,000 annually. The aforementioned additional revenue requirements, which would commence in Fiscal Year 2005, are preliminary estimates and are subject to change due to market conditions or if there are further modifications to the scope or timing of the project. In addition, Engineering & Capital Projects is currently in the process of identifying additional phased funding contract opportunities, which could result in greater efficiencies with respect to the use of bond proceeds

and could potentially impact the amount and timing of the annual recurring revenue that would need to be identified to fund the alternatives. When staff returns to City Council in the fall, more precise information will be provided on the funding requirements for the alternatives, including refined estimates for the lifeguard facility costs, presented in this report.

#### Operations and Maintenance Budget Impact:

There will be additional operations and maintenance expenses associated with the Fire and Lifeguard Facility Improvements Project. Fire Station #2 (Mission Valley), which will be a new facility, is scheduled to open in June, 2005. Accordingly, funding required to staff this facility (up to \$4.0 million annually) will be requested in the proposed City budget for Fiscal Year 2005, as more fully described below. With the exception of Fire Station #2 (Mission Valley), and based on current plans for certain facilities that are being expanded, it is anticipated that completion of the remaining projects under the amended Project will have a relatively small impact (in the form of increased maintenance costs) on the operating budget.

Fire Station #2 (Mission Valley), is being designed to house two engines and one truck. At this level and based on Fiscal Year 2003 salary levels, staffing would consist of 9.90 Captains, 9.81 Engineers, and 19.20 Fire Fighters. The annual operating cost impact is projected to total \$3,969,121, including salaries, fringe benefits, overtime, and non-personnel expense support costs. It is possible that, initially, only one engine would be staffed at the new facility; however, that would be dependent on conditions existing at the time of completion, including additional development in the service area and budgetary considerations. Fire Station #2 (Mission Valley) will also house an ambulance but it will be funded by the Emergency Medical Service (EMS) program rather than the General Fund. The cost for ambulance staffing (1.00 Paramedic and 1.00 Emergency Medical Technician [EMT] per shift) is estimated to be \$334,000.

Although the improvements included under the amended Project would result in additional staffing requirements for just Fire Station #2 (Mission Valley), the improvements to Fire Station #5 (Hillcrest) would add capacity and the potential for increased staffing. This would be the only facility within the amended Project that would pose an exposure of potential staffing. While there is no immediate plan to utilize the added capacity, should the full capacity be utilized, estimated total personnel expense costs would be approximately \$1.29 million annually in Fiscal Year 2006 (the first full year operations).

Fire Station #54 (Paradise Hills) will also be a new station; however, the amended Project provides funding for land acquisition only. Once the facility is built, it is anticipated that the facility will house one engine and one ambulance. Staffing for the engine would include 3.30 Captains, 3.27 Engineers and 6.40 Fire Fighters. The potential annual operating impact of this new facility is estimated to total \$1,170,776 in current dollars. The staffing costs for the EMS-funded ambulance are estimated to total \$334,000, which would also be funded by the EMS program.

Fire is currently maintaining 289,000 square feet (not including its training facility) of building space. Until recent budget reductions were implemented, the maintenance budget had been \$468,000 per year. This equates to \$1.62 per square foot allocated for maintenance. The

amended Project will result in an increase to the square footage of maintained structures. The new square footage associated with the entire project would total 328,758, which is an increase of 39,758 square feet beyond what is currently being maintained. This equates to the need for an additional \$68,408 to fund annual maintenance costs.

Completion of the lifeguard facilities under the City Manager's recommendation is not anticipated to result in an operating budget impact, as all of the lifeguard facilities are already fully staffed and equipped.

Should the City Council elect to proceed with one of the aforementioned alternatives, additional operating budget impacts (beyond those described above) would need to be identified and addressed. Additionally, apparatus and equipment impacts have not been assessed and will be addressed in the report presented in the fall.

## CONCLUSION

In summary, to address the increased costs of the Fire and Lifeguard Facility Improvements Project, the City Manager's recommendation is to defer several fire and lifeguard facilities and proceed at this time only with those that may be accommodated within the original budget. It is further recommended that final determination of the overall Project budget be delayed until after additional information is known about the impending state budget impacts and that the City Manager return to the City Council in the fall following state action with a report on the Project progress and a recommendation regarding an increase in the overall Project budget. The report would also address the size and timing of the second bond issuance, in light of any state budget impacts, and would provide information on the amount of additional bonds that would need to be issued if the Project budget is increased, as well as the amount of additional recurring revenue that would be required to make payments on such additional bonds. At that time, the impact of selecting from the two alternatives for fire facilities and the one alternative for lifeguard facilities will be more clearly known. Additional information on operations and maintenance impacts will also be available.

ALTERNATIVES:

1. Fund the entire original list of fire facilities, at their revised scope and increased cost, which would increase the fire portion of the Project total from \$34.3 million to \$47.0 million.
2. Fund the entire original list of fire facilities, at their revised scope and increased cost, plus the addition of Fire Stations #28 (Kearny Mesa) and #39 (Tierrasanta), which would increase the fire portion of the Project total to \$63.1 million.
3. Fund the original list of lifeguard facilities, less the Lifeguard Headquarters, at their revised scope and increased cost.

Respectfully submitted,

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Chief Jeff Bowman  
Fire Chief

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Afshin Oskoui  
Public Buildings & Parks Deputy Director

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Approved: Bruce A. Herring  
Deputy City Manager

BH/LKC

Attachments:

1. [Revised Fire Facility Costs, Spreadsheet](#)
2. [Revised Fire Facilities Costs, Pie Chart](#)
3. [Fire Facilities – Description of Impacts](#)
4. [Revised Lifeguard Facility Costs, Spreadsheet](#)
5. [Revised Lifeguard Facility Costs, Pie Chart](#)
6. [Lifeguard Facilities – Description of Impacts](#)
7. [Fire Facilities Schedule](#)
8. [Lifeguard Facilities Schedule](#)